



My 3 Biggest TFSA Stock Holdings Happen to Pay Big Dividends

Description

The Tax-Free Savings Account (TFSA) is the best account for most investors to save and invest in to save lots of taxes and build wealth. It's also very flexible, such that you can withdraw from it anytime with no penalties.

On a quick review of my self-directed TFSA account, I find that my three biggest **TSX** stock holdings happen to pay big dividends. They're still wonderful choices to buy for income and total returns right now.

Brookfield Infrastructure

I began buying **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) in my TFSA in 2015 and it has become my largest TSX holding in the account. Brookfield Infrastructure is a Steady Eddie utility.

The company owns a large and diverse portfolio of infrastructure networks pretty evenly across North America (30% of funds from operations), South America (25%), Asia Pacific (25%), and Europe (20%).

Its assets are not just diverse geographically, but also diverse by type. It operates quality assets, such as smart meters, electricity transmission lines, rail, toll roads, natural gas processing plants, telecom towers, data centers, etc.

In 2016, it had a three-for-two unit split that gave me more shares and reduced the stock price by a third. This was a good sign for the stock. While it's economically the same as before the split, the split increased the outstanding units and the liquidity of the stock. Typically, stocks that split like this have continued to head higher over time as BIP has performed.

BIP has increased its cash distribution per unit by about 11% per year for the past 11 years. Going forward, investors can count on continued dividend growth.

Earlier this year, Brookfield Infrastructure spun off some corporation shares so investors who prefer

corporation shares instead of limited partnership units for tax purposes can also invest. The BIPC shares are highly popular as suggested by its trading at a roughly 10% premium to BIP.

BIP is reasonably valued today, paying a nice 4.7% yield.

Brookfield Property

I already hold **Brookfield Property Partners** ([TSX:BPY.UN](#))(NASDAQ:BPY) in my RRSP account. The stock fell as much as 60% this year from peak to trough due to COVID-19 pandemic disruptions.

I took the opportunity to accumulate shares in my TFSA at a significant discount since late March — and it's been super rewarding already!

The company has kept its big dividend steady thus far, while the stock has popped close to 30% within a few months of accumulation.

The real estate stock recorded a massive pop due to its parent company and its affiliates [buying](#) US\$890 million worth of shares at today's dirt-cheap valuations.

Despite the pop, BPY's yield of 11.7% is still amazing. Investors should look more closely into BPY to determine whether it makes sense for their portfolios.

Enbridge

I've been buying **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) in my TFSA since 2017 and have taken partial profits opportunistically. In the TFSA, there are no tax consequences for booking capital gains or receiving the eligible dividends. So, it has been a rewarding investment.

Today, Enbridge is an attractive income investment, providing a yield of 7.8%. And management recently reiterated its 2020 guidance that suggests a sustainable distributable cash flow payout ratio of about 70% this year.

Moreover, the company has reduced its debt levels over the last few years, improving the strength of its balance sheet. As a result, the energy infrastructure leader should maintain its generous dividend, while delivering nice price appreciation on stable growth and multiples expansion over the next three to five years.

Currently, the 12-month analyst average price target implies near-term upside potential of close to 24%.

Foolish investor takeaway

Of the three TSX stocks, Brookfield Property is the [most attractive](#). However, it also has the greatest near-term risk from COVID-19 disruptions. Therefore, if I didn't own any of these shares, I'd buy some of each today.

Across the stocks, I believe they're deliver more-than-satisfactory income and total returns over the next three to five years.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:BPY.UN (Brookfield Property Partners)
5. TSX:ENB (Enbridge Inc.)

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